

KAUFMAN  BROAD



FIRST-HALF 2007  
RESULTS AND  
FULL-YEAR OUTLOOK

June 21, 2007



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## FIRST-HALF PERFORMANCE CONFIRMS THE FAVORABLE OUTLOOK FOR 2007

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- Sustained revenue and earnings growth during the period
  - Revenues up 10.4%
  - Gross margin: 23.6%
  - Income attributable to shareholders up 16.9%
  
- Outlook for the year
  - Total orders stable in value, at €872.3 million
  - Total backlog up 6% in value, at €1,266.3 million
  - 2007 objectives confirmed

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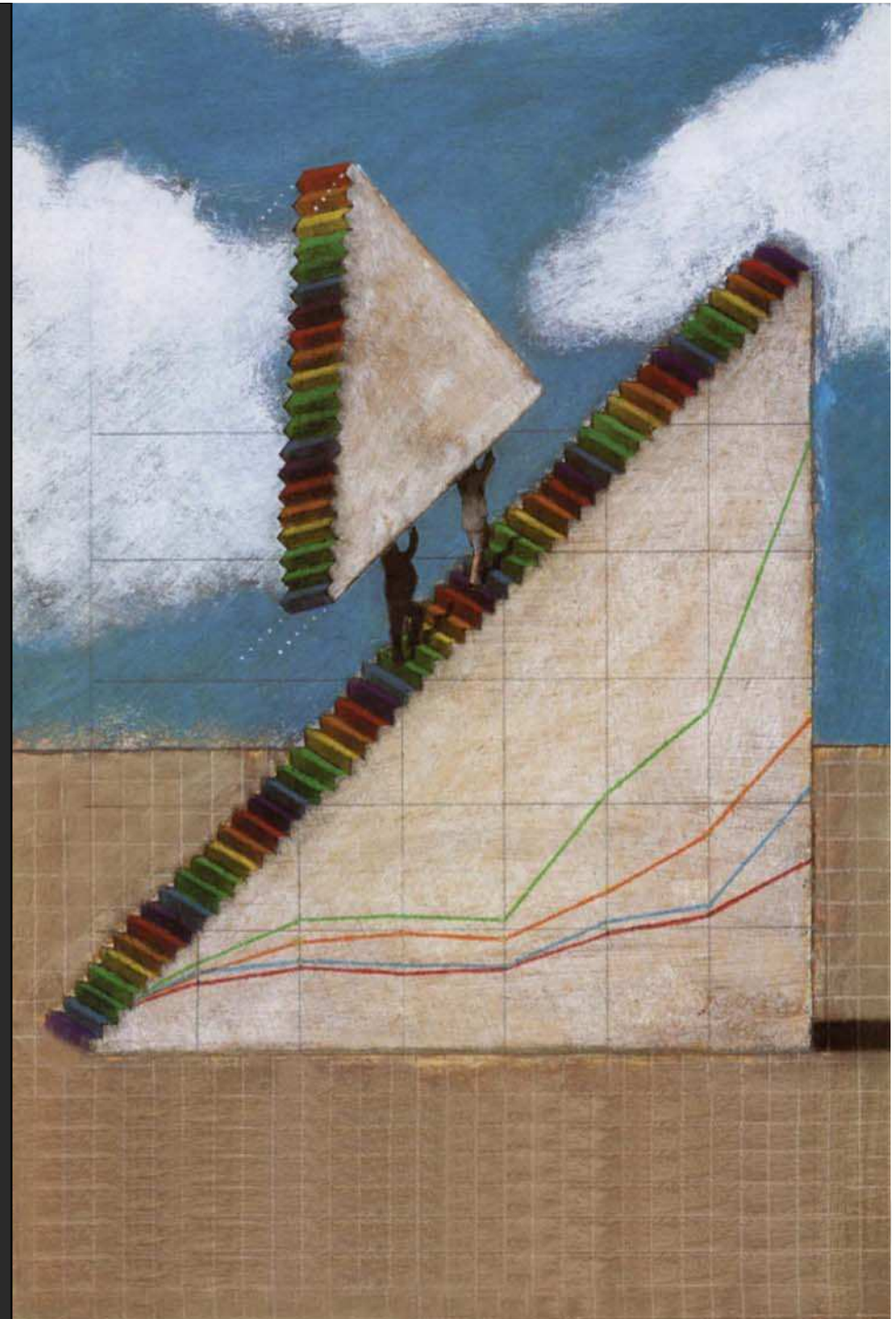
## FIRST-HALF PERFORMANCE CONFIRMS THE FAVORABLE OUTLOOK FOR 2007

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- Strong fundamentals in the Housing market
- Recovery in the Commercial Property segment
- Expansion in Student Residence Halls and in Business Traveler Accommodation
- Investment in Seniors Santé

# Financial results

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## INTERIM FINANCIAL HIGHLIGHTS

(in € millions)	H1 2007	H1 2006	Variation
Revenues	631.0	571.7	+10.4%
Of which Housing	606.6	557.1	+8.9%
Gross profit	148.8	133.3	+11.6%
Current operating profit	81.0	72.4	+11.7%
Income attributable to shareholders	40.7	34.9	+16.9%
<i>Earnings per share (€)</i>	<b>1,83</b>	1.56	+16.9%
Housing orders (in value; including VAT)	852.8	870.6	-2.0%
Housing backlog at May 31 (in value; excluding VAT)	1,231.0	1,190.3	+3.4%
Cash flow from operations	82.6	74.4	+10.9%
ROCE	23.5%	24.4%	-0.7 pt
ROE	29.1%	31.2%	-2.1 pts
Net financial debt	221.6	161.2	+37.4%
Gearing at May 31 (%)	69%	62%	+7 pts

## BREAKDOWN OF REVENUES BY BUSINESS

(in € millions)	H1 2007	H1 2006	% change
Housing	606.6	557.1	+8.9%
Apartments	490.9	420.3	+16.8%
Single-family homes	115.7	136.8	-15.4%
Commercial property	10.9	-	n/m
Showroom	5.4	8.8	-38.5%
Other (undeveloped land, etc.)	8.0	5.9	-
Total revenues	631.0	571.7	+10.4%

## STATEMENT OF INCOME

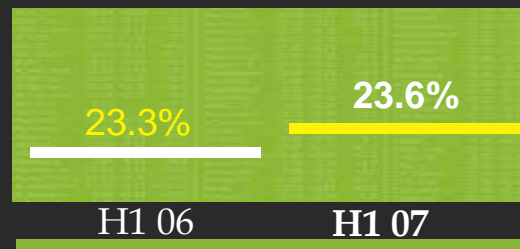
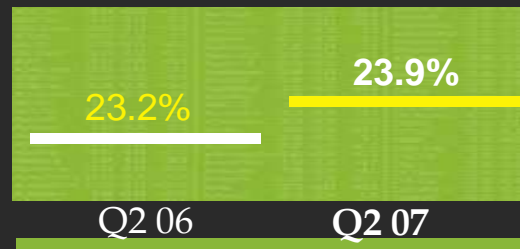
in € millions	H1 2007	H1 2006	% change
Revenues	631.0	571.7	+10.4%
Gross profit	148.8	133.3	+11.6%
Current operating profit	81.0	72.4	+11.7%
Operating profit	80.2	71.0	+13.1%
Cost of net financial debt	(10.1)	(9.9)	+2.2%
Income taxes	(22.3)	(20.3)	+10.3%
Income from equity affiliates	0.7	1.2	nm
Minority interests	(7.7)	(7.1)	+8.3%
Income attributable to shareholders	40.7	34.9	+16.9%
<i>Earnings per share (in €)</i>	1.83	1.56	+16.9%

## CURRENT OPERATING PROFIT

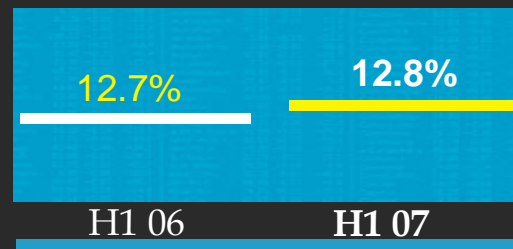
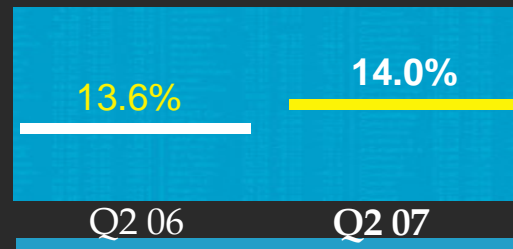
(in € millions)	H1 2007	H1 2006	% change
Gross profit	148.8	133.3	+11.6%
<i>Gross margin</i>	23.6%	23.3%	+ 0.3 pt
Selling expenses	(19.3)	(15.4)	+25.3%
G&A expenses	(35.6)	(31.5)	+12.9%
Other income and expenses	(13.0)	(13.9)	- 7.3%
Current operating profit	81.0	72.4	+11.7%
<i>Current operating margin</i>	12.8%	12.7%	+0.1 pt
Other current operating income and expenses	(0.7)	(1.4)	-
Operating profit	80.2	71.0	+13.1%

## MARGIN TRENDS

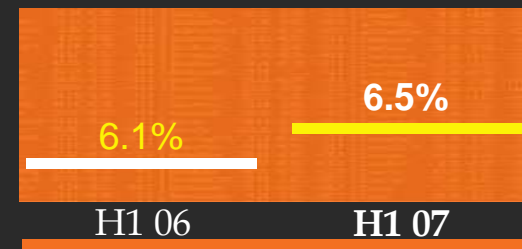
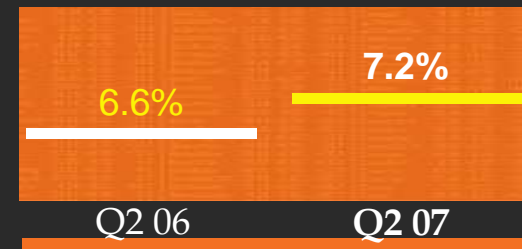
### Gross margin



### Current operating margin



### Net margin



## CAPITAL EMPLOYED

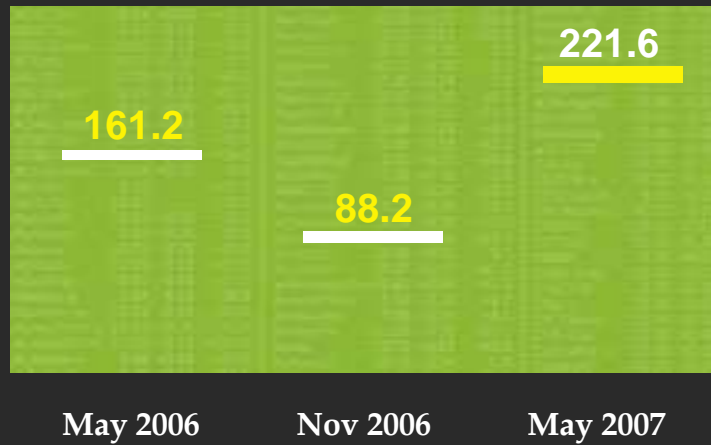
in € millions

	May 31, 2007	May 31, 2006
Non-current assets	170.3	168.7
Provisions	(13.5)	(12.0)
Deferred taxes	(23.8)	(36.3)
<i>Inventories</i>	577.3	464.4
<i>Trade and other receivables</i>	490.3	395.3
<i>Trade and other payables</i>	(656.7)	(560.1)
Net working capital	410.9	299.6
Total capital employed	543.9	420.0
Shareholders' equity	322.3	258.8
Net financial debt	221.6	161.2
Total capital employed	543.9	420.0
Average capital employed *	462.0	403.6

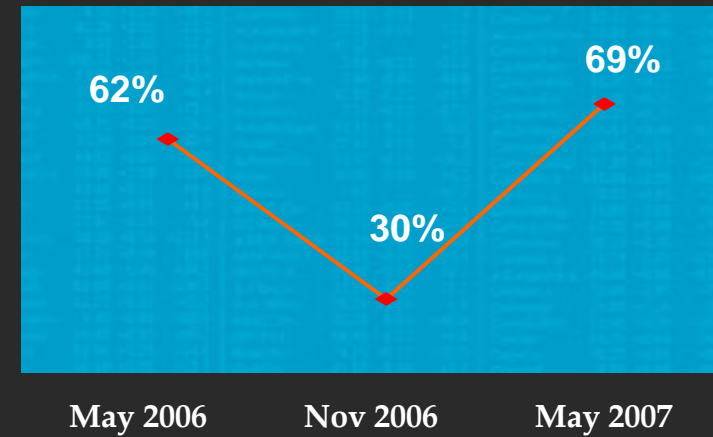
\* Over the trailing 12-month period

## CHANGE IN NET FINANCIAL DEBT

### Net financial debt (in € millions)



### Gearing (In %)



## SUMMARY BALANCE SHEET

(in € millions)	May 31, 2007	Nov. 30, 2006
Non-current assets	170.3	164.6
Inventories	577.3	513.2
Trade and other receivables	490.3	433.7
Cash and cash equivalents	71.8	68.0
<b>Total Assets</b>	<b>1,309.7</b>	<b>1,179.5</b>
Shareholders' equity	309.4	285.2
Minority interests	12.9	10.1
Provisions	13.5	15.2
Deferred taxes	23.8	41.1
Non-current financial debt	256.1	146.1
Current financial debt	37.3	10.1
Trade and other payables	656.7	671.7
<b>Total Equity and Liabilities</b>	<b>1,309.7</b>	<b>1,179.5</b>

## FINANCIAL STRUCTURE

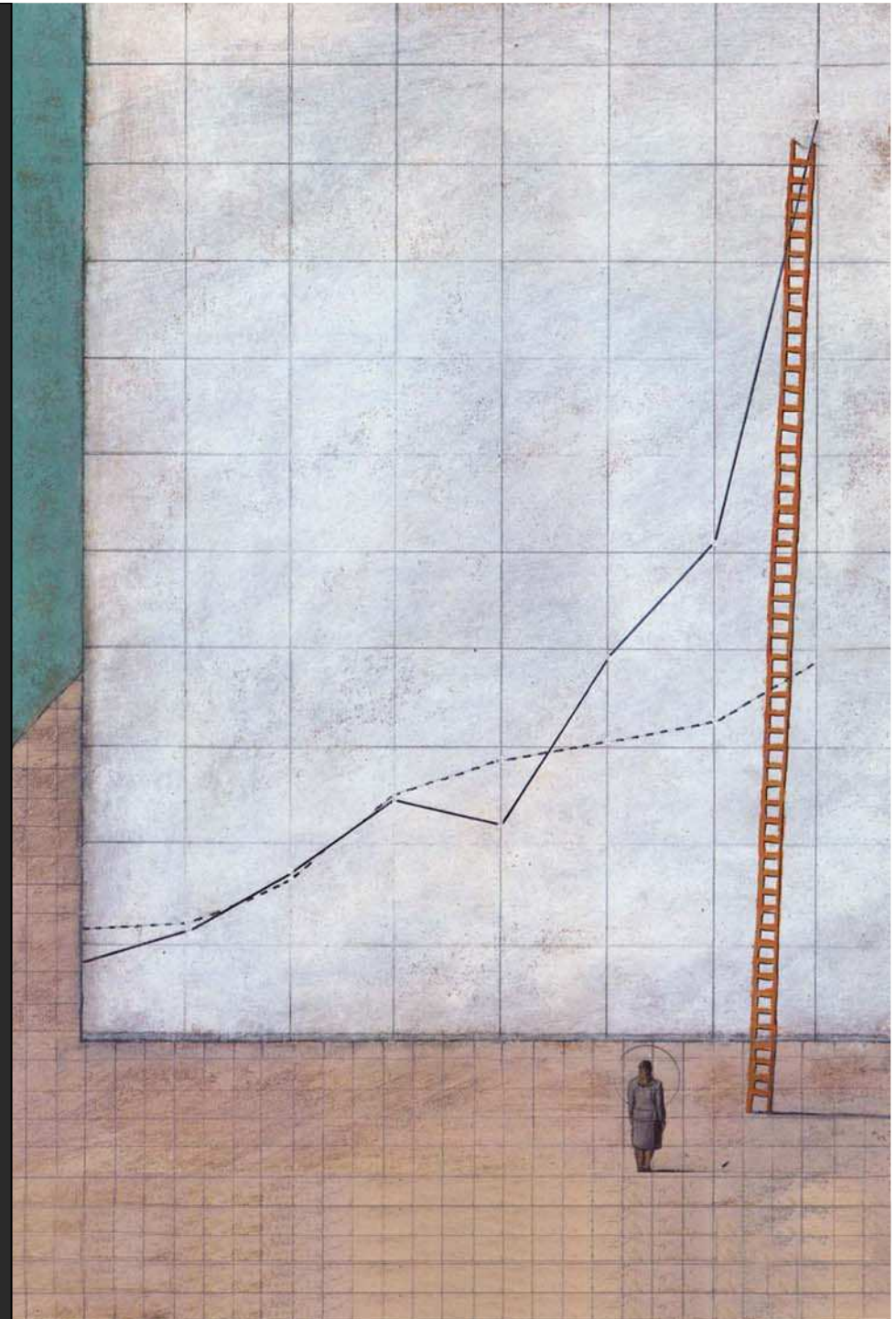
(in € millions)	May 31, 2007	Nov. 30, 2006	May 31, 2006
Shareholders' equity	322.3	295.3	258.8
Financial debt*	293.4	156.2	214.0
Financial debt due < 1 year	37.3	10.1	19.0
Financial debt due > 1 year	256.1	146.1	195.0
Maturity	2.5 years	2.6 years	3.3 years
* Of which:			
<i>Bilateral facilities</i>	33.4	6.2	19.0
<i>Syndicated line</i>	110.0	0.0	45.0
<i>Notes</i>	150.0	150.0	150.0
Off balance sheet items (commitments given, land options excluded)	808	738	498

## CASH FLOW STATEMENT

(in € millions)	H1 2007	H1 2006
Cash flow from operations	82.6	74.4
Income tax paid	(36.1)	(15.8)
Change in net working capital	(136.8)	(41.9)
<b>Cash flow from operating activities</b>	<b>(90.2)</b>	<b>16.8</b>
<b>Cash flow from investing activities</b>	<b>(10.4)</b>	<b>2.8</b>
<b>Free cash flow</b>	<b>(100.7)</b>	<b>19.6</b>
Dividends paid to shareholders	(19.3)	(13.2)
Dividends and other payments (to)/from minority affiliates	(5.0)	(4.8)
Treasury shares: net sales/ (purchases)	1.7	3.4
Change in financial debt	110.0	(6.2)
Cost of net financial debt	(10.7)	(9.5)
<b>Cash provided (used) by financing activities</b>	<b>76.7</b>	<b>(30.4)</b>
<b>Change in cash position</b>	<b>(23.9)</b>	<b>(10.8)</b>

# Market and positioning

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## THE FRENCH HOUSING MARKET: STILL FAVORABLE FUNDAMENTALS

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- ◉ Demand is still sustained by positive sociological and demographic factors
- ◉ Supply still lags behind demand
- ◉ Recent events:
  - ◉ Prices are leveling off
  - ◉ Slightly higher interest rates
  - ◉ Increased tax incentives

## INTEREST RATE TRENDS

### €150,000 20-year mortgage rate

Jan. 03	Jan. 04	Jan. 05	Jan. 06	June 06	Jan. 07	June 07
4.80%	4.45%	3.80%	3.50%	3.80%	3.90%	4.20%

### Impact of an increase in interest rates on a 20-year, €150,000 mortgage

Interest rates	Increase in interest rates	Monthly payments exclud. insurance	Increase in monthly payments
3,80%	-	893 €	-
4,00%	+ 20 pb	909 €	+ 16 €
4,20%	+ 40 pb	925 €	+ 32 €
4,30%	+ 50 pb	933 €	+ 40 €
4,80%	+ 100 pb	973 €	+ 80 €

Source : Meilleurtaux.com

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## THE IMPACT OF TAX CREDITS

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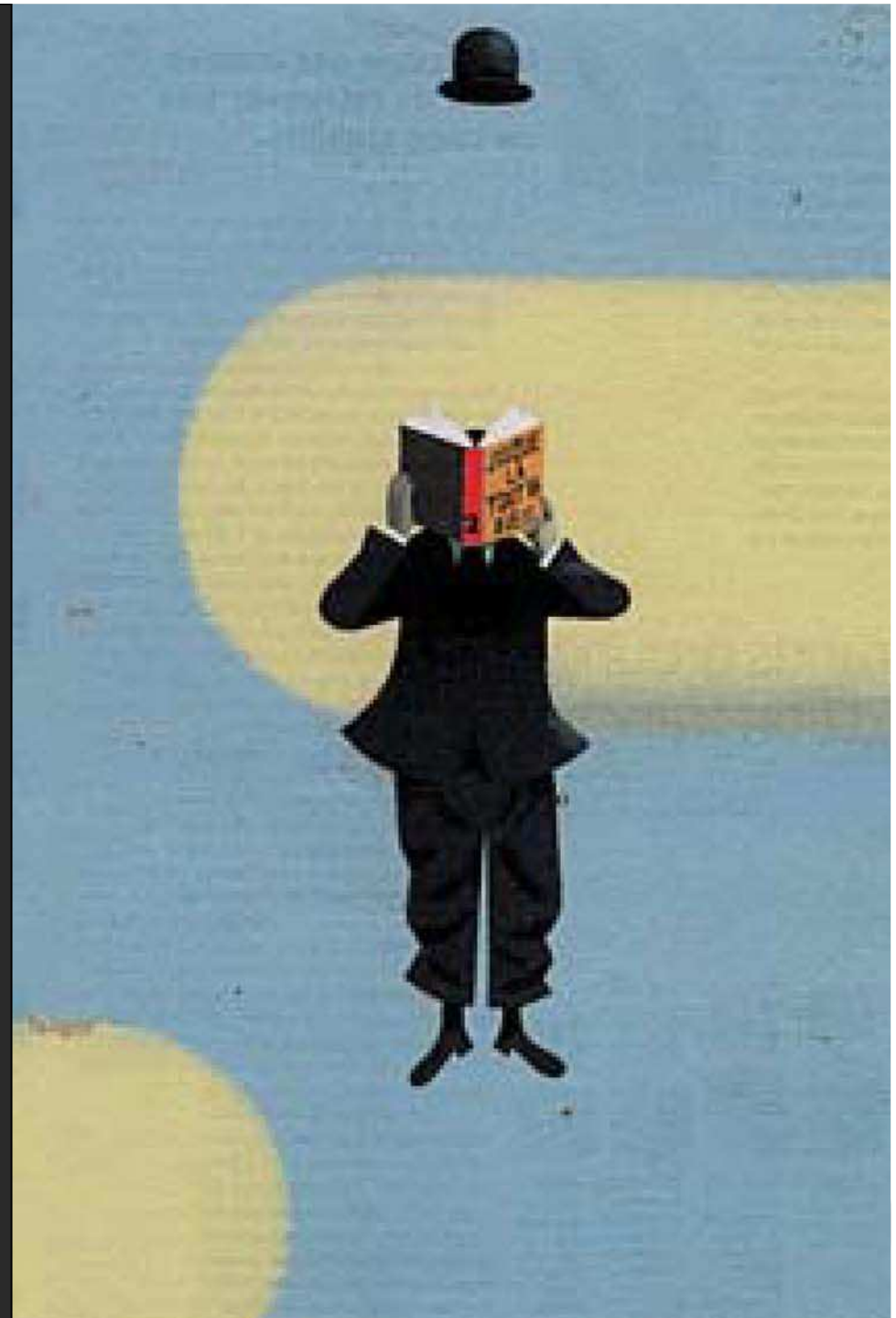
For a couple with 2 children

	Mortgage interest <b>before</b> the reform	Mortgage interest <b>after</b> the reform	<b>Tax savings</b>
◉ 15-year, €130,000 loan at 4.10%	€44,262	€39,611	<b>€4,651</b>
◉ 20-year, €180,000 loan at 4.30%	€88,663	€81,569	<b>€7,094</b>
◉ 25-year, €250,000 loan at 4.50%	€166,814	€158,314	<b>€8,500</b>

Source: *Empruntis.com*

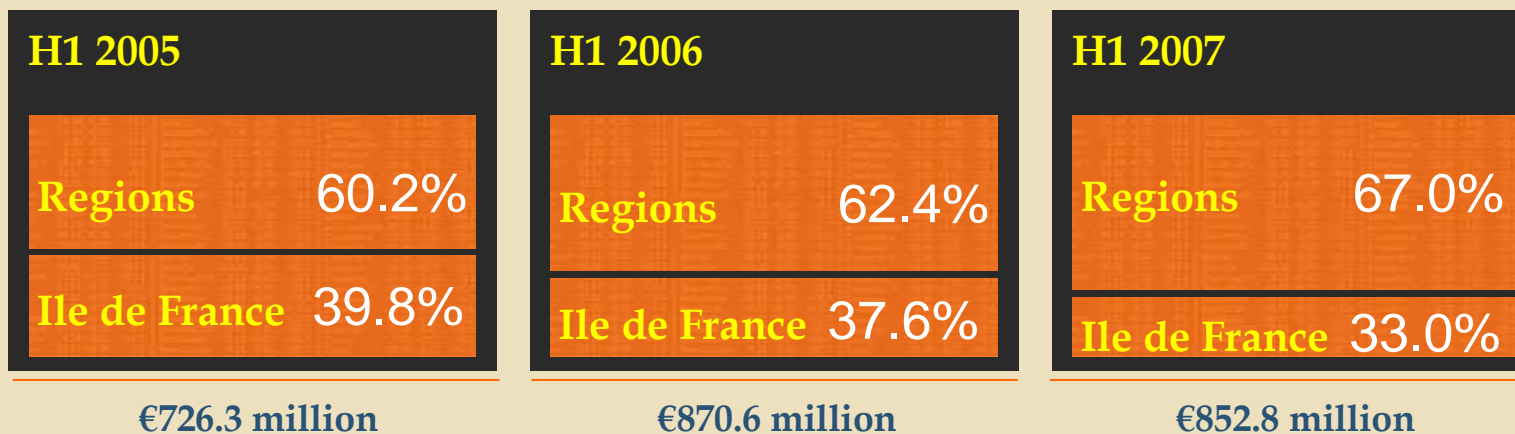
# Outlook

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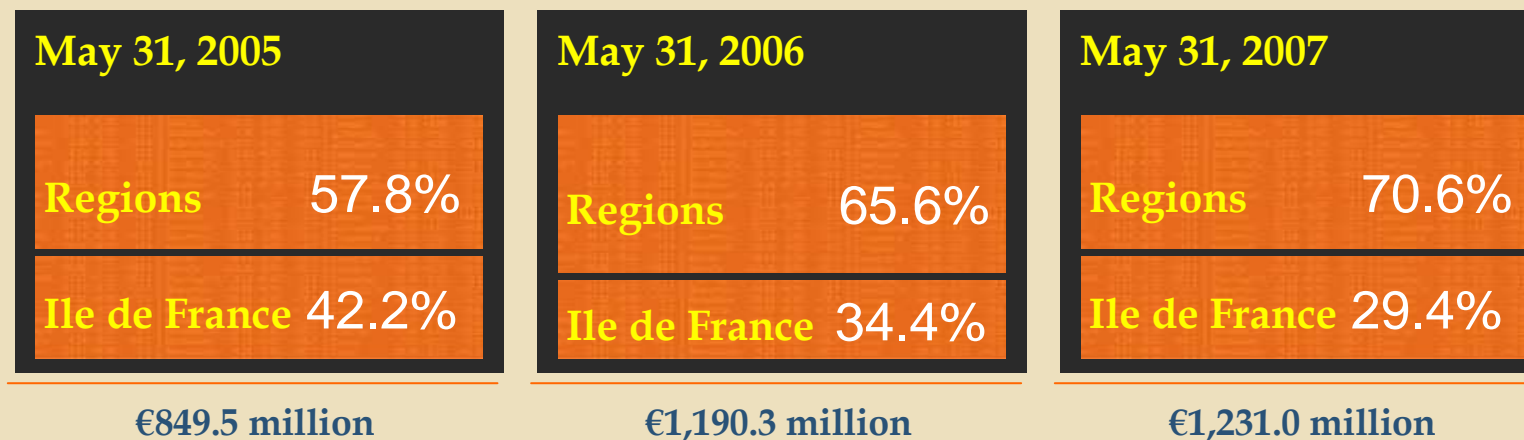


## HOUSING: ORDERS AND BACKLOG

Regions outside Paris account for a growing proportion of total orders



Backlog represents 10.4 months of business\*



\*Based on revenues over the past 12 months

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## COMMERCIAL PROPERTY A FAST GROWING MARKET

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- Take-up: 645,000 sq. m  
(vs. 767,200 in April 2006)
- Available supply: 2,400,000 sq. m  
(vs. 2,500,000 in October 2006)
- Vacancy rate: 5%  
(vs. 5.2% in October 2006)
- Average rent: €309/sq. m  
(vs. €306/sq. m in October 2006)

*Source: CBRE April 2007*

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## COMMERCIAL PROPERTY 2007 TRANSACTIONS

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### Programs initiated in 2007

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- Rueil Malmaison
  - Work began: November 2006
  - Net floor area: 7,400 sq. m
  - Delivery: Summer 2008
  
- Paris 2<sup>nd</sup> arrondissement
  - Work began: Spring 2007
  - Net floor area: 9,000 sq. m
  - Delivery: Fall 2008
  
- Paris 8<sup>th</sup> arrondissement
  - Work begins: Spring 2008
  - Net floor area: 5,800 sq. m
  - Delivery: Fall 2009

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### Projects in 2<sup>nd</sup> half 2007

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- Saint-Denis
  - Property development contract
  - Net floor area: 19,300 sq. m
  
- Paris 8<sup>th</sup> arrondissement
  - Net floor area: 14,000 sq. m



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## STUDENT RESIDENCE HALLS AND BUSINESS TRAVELER ACCOMMODATIONS: SUSTAINED DEVELOPMENT

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Main apartment hotels delivered in 2007

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- Toulouse, 174 apartments
- Bordeaux, 143 apartments
- Lacanau, 75 apartments

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## NURSING HOMES: ACQUISITION OF A STAKE IN SENIORS SANTE

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- SENIORS SANTE, a respected French nursing home operator
- Initial 33.34% stake
- To be raised to a majority interest in the coming months

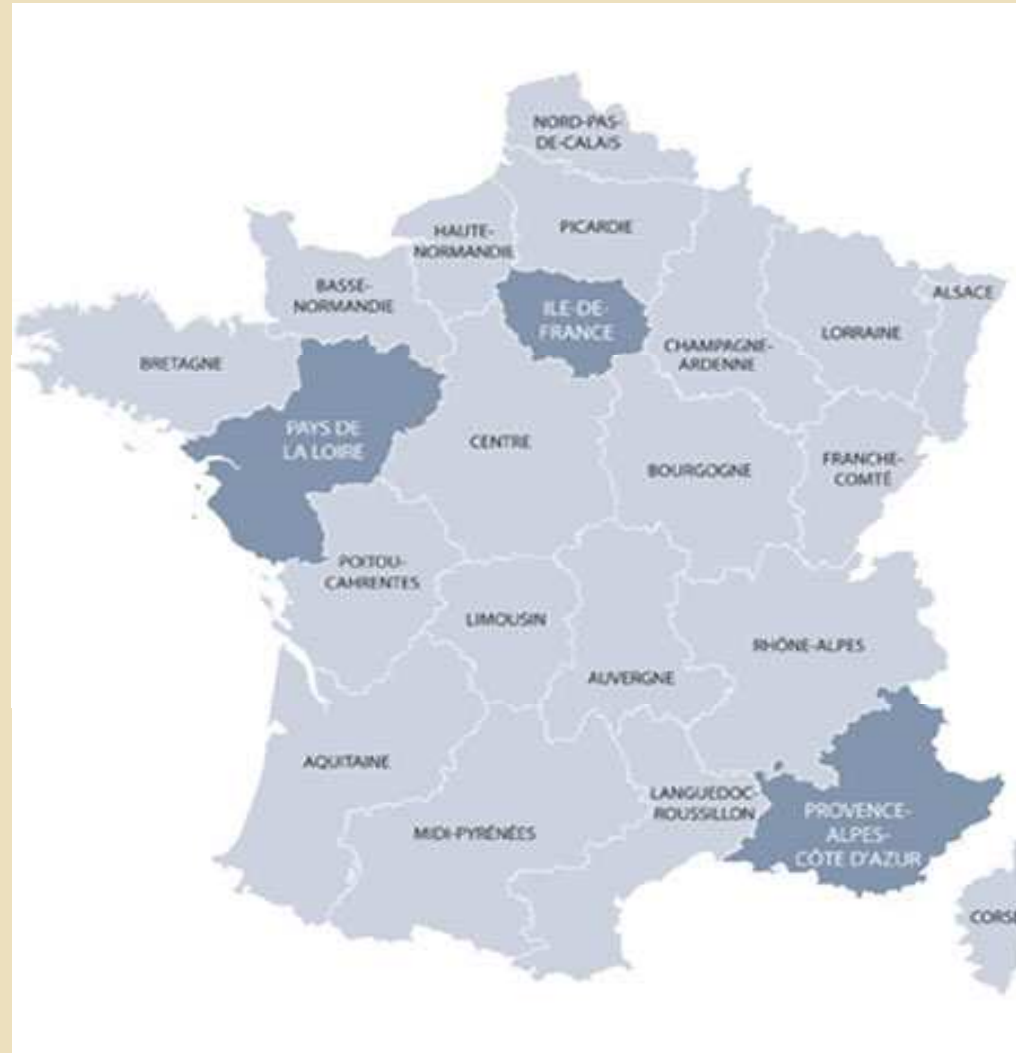
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## SENIORS SANTE

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- 5 nursing homes
- Deploying a forward-looking vision of care for the dependent elderly
- A presence in the Paris area, as well as on the Atlantic and Mediterranean coasts
- 1st opening in 1995: a retirement home in Mougins, on the French Riviera

## SENIORS SANTE



## SENIORS SANTE



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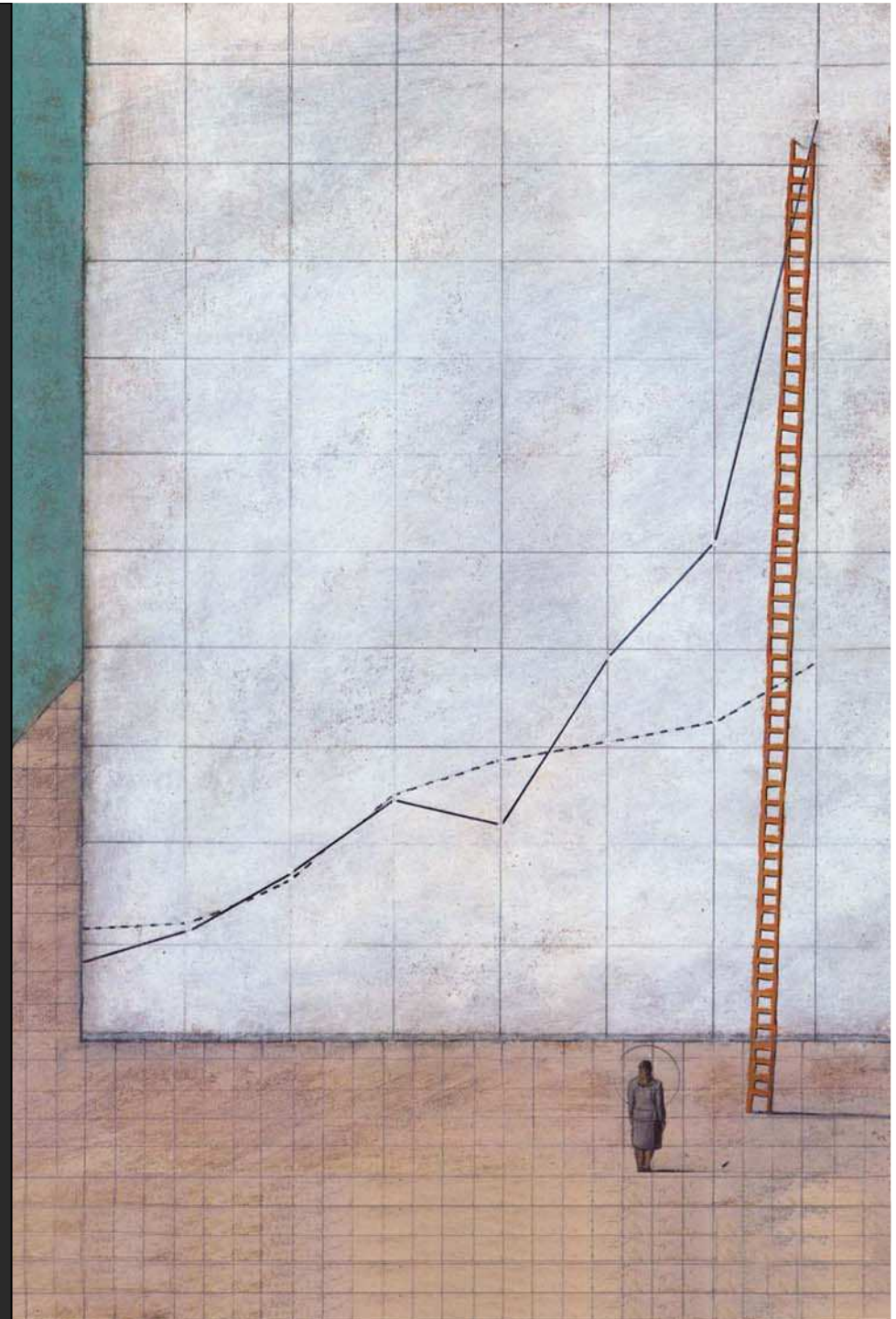
## 2007 OBJECTIVES

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- ◉ More than 10% growth in revenue
- ◉ Sustained high profitability
- ◉ Payment of an interim 2007 dividend

# The change in KBSA's ownership structure

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## PAI PARTNERS ACQUIRES A MAJORITY STAKE IN KBSA

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- PAI will acquire at least 50.01% of KBSA's shares and voting rights for €55 a share
  
- Subject to:
  - Approval by anti-trust authorities
  - Pre-closing payment of an interim dividend of €4.83 per share, to be deducted from the acquisition price
  - Pre-closing transfer to KBSA of the brands currently owned by KB Home
  - Pre-closing public offer by KBSA to redeem its outstanding high-yield notes
  - Other usual conditions
  
- PAI intends to offer to purchase all remaining KBSA shares at the same price per share, as soon as possible after acquiring the controlling interest

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